



Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Bruce R. Wheeler

File: B-249621

Date: January 19, 1993

DIGEST

A transferred employee claims reimbursement for a mortgage insurance premium, the payment of which was required at settlement. The Federal Travel Regulation, 41 C.F.R. § 302-6.2(d)(2)(i) (1991), specifically prohibits reimbursement of this type of charge. Claim is denied.

DECISION

The National Credit Union Administration (NCUA) requests a ruling on whether it may pay the claim of an employee for reimbursement of a one-time mortgage insurance premium paid at settlement and required by the Federal Housing Administration, Department of Housing and Urban Development (HUD).¹ For the following reasons, the claim may not be paid.

Mr. Bruce R. Wheeler, a NCUA employee, was authorized a change of official duty station. When Mr. Wheeler purchased a new residence on March 15, 1990, he was required to pay a "mortgage insurance premium" at settlement by HUD since his down payment was less than 20 percent of the purchase price.

"Mortgage insurance" insures the lender against possible default on the mortgage by the purchaser.² The Federal

¹This request was submitted by Mr. Herbert S. Yolles, Controller, NCUA, Washington, D.C.

²This expense should not be confused with the cost of a mortgage title insurance policy, which protects the lender against possible defects in the purchaser's title to the property. The cost of a mortgage title insurance policy may be reimbursable provided certain conditions are fulfilled. See Daniel T. Mates, B-217822, June 20, 1985, and 41 C.F.R. § 302-6.2(d)(1)(viii) (1991). See also 41 C.F.R. § 302-6.2(d)(1)(ix) (1991) for conditions under which the cost of an owner's title insurance policy is reimbursable.

Travel Regulation, 41 C.F.R. § 302-6.2(d)(2)(i) (1991) provides, in relevant part, that "mortgage insurance," i.e., insurance which insures the lender against possible default on the mortgage by the purchaser is not a reimbursable expense. Pappas and Grubaugh, B-226010, Nov. 30, 1987; Michael S. Kochmanski, B-227503, Aug. 20, 1987; Daniel T. Mates, B-217822, June 20, 1985. Thus, whether the premiums for "mortgage insurance" are paid at settlement or over the life of the mortgage, such premiums are clearly not reimbursable under the FTR provision and our decisions cited above.

Accordingly, Mr. Wheeler's claim for reimbursement of the mortgage insurance premium paid at settlement is denied.

for *Seymour E. Hinchman*
James F. Hinchman
General Counsel